



BAR HILL COMMUNITY ASSOCIATION (BHCA)

Registered Charity # 1195382

# Reimbursement of Expenses & Purchases Policies and Procedures

## 1. Background

### a. Applicability

- i. All Trustees, Members, Staff, Associates and Volunteers are entitled to be reimbursed for out-of-pocket expenses which they legitimately incur while promoting and supporting the delivery of the charity's objects.
- ii. These Policies and procedures apply to all persons involved with BHCA Support, though employees are also subject to taxation law concerning such payments.
- iii. These Policies and procedures are based on the Charity Commission's guidance on reimbursing out-of-pocket expenses incurred by Trustees as in its publication "Trustee Expenses and Payments" (CC11)  
[www.gov.uk/government/publications/trustee-expenses-and-payments-cc11/trustee-expenses-and-payments](http://www.gov.uk/government/publications/trustee-expenses-and-payments-cc11/trustee-expenses-and-payments)
- iv. Some sections of this policy have been taken verbatim from that publication (Crown copyright acknowledged).

### b. Expenses vs Remuneration

- i. In all cases, it is crucial to ensure that the reimbursement of out-of-pocket expenses is not, OR DOES NOT APPEAR TO BE, a disguise for making income payments (remuneration) to the recipient(s).

### c. Expenses vs Purchases

- i. Note that although claims for the reimbursement of purchases which have been personally made on behalf of the charity are usually made together with claims for the reimbursement of out-of-pocket expenses, they are not counted as expenses.
- ii. Instead, they are accounted for as part of the charity's general expenditure in the usual way.

#### d. Waiving Expenses (Donating Expenses as “Gifts-in-Kind”)

- i. Supporters who generously waive their expenses or purchases as “donations” to the Charity inadvertently create some difficulties. Suppose reimbursement of expenses or purchases is not claimed. In that case, they cannot be entered into the Charity’s accounts to show both the actual costs of running the Charity and the generosity of its supporters. This can hamper funding applications.
- ii. Furthermore, even if the amount of the waived expenses or purchases is notified to the Charity and entered into its accounts, the Charity is unable to claim any Gift Aid that might otherwise have been available on the donation because Gifts-in-Kind are explicitly excluded from Gift Aid under HMRC rules.

#### e. Changes to the Policy

- i. The Charity reserves the right to modify its expense policies and procedures to ensure consistency with current accepted Best Practices and to meet the needs of the Charity.
- ii. Whenever possible, the Charity will give appropriate advance notice of any such changes.
- iii. However, the Charity reserves the right to change these expense policies and procedures with minimal or no notice when reasonably expedient to do so.

## 2. Policy

#### a. Scope

- i. Employees and volunteers are entitled to be reimbursed by the Charity for actual travel and other expenses which are necessarily, reasonably, and incidentally incurred by them in carrying out their duties, upon submission of an appropriately authorised claim form and relevant supporting point-of-sale receipts. However, taxation law does NOT permit paid employees to claim travel expenses from their home to their usual place of work.
- ii. “**Actually**” means that the claimant incurred the claimed expenditure. For example, the bus fare for a journey cannot be claimed if the claimant had decided to leave earlier and walk the journey instead.
- iii. “**Necessary**” means that the charitable activity could not have been undertaken efficiently and effectively without incurring the expenditure;
- iv. “**Reasonable**” means that the cost of the expense must be commensurate with prudent, value-for-money use of the Charity’s funds to promote & deliver its charitable purposes. Thus, the cost incurred

must be competitive with (i.e., similar to) the costs of alternatives of similar quality and suitability for the purpose.

However, this does not mean that the cheapest goods or services must always be purchased. Where the additional benefits TO THE CHARITABLE ACTIVITY BEING PROMOTED/DELIVERED demonstrably outweigh the additional cost of more expensive goods/ services, they can be chosen in preference to the cheaper alternatives. However, the claimant must always be ready and able to give a credible justification for their choice if challenged.

- v. **“Incidental”** means that the expense(s) must not have been determined by considerations unrelated to the charity activity being promoted/ delivered. For example, the claimant had attended a meeting at a venue that had been chosen specifically because it also enabled the claimant to visit a nearby friend. In such a scenario, even though the costs of attending the meeting in that venue would otherwise have been necessary and reasonable, they would not also have been incidental and, therefore, would not be eligible for reimbursement.

## b. Authorisation

- i. Expenses may only be incurred and subsequently reimbursed by the Charity in respect of activities which are part of the Charity’s agreed and budgeted programme of charitable activities (i.e., by PRIOR agreement with the relevant budget-holder).
- ii. Likewise, goods and/or services may only be purchased on behalf of the Charity and subsequently reimbursed, in respect of activities which are part of the Charity’s agreed and budgeted programme of charitable activities (i.e., by PRIOR agreement with the relevant budget-holder).

## c. Gifts in Kind (Waived or Unclaimed Expenses/Purchases)

- i. Some Trustees, Members, Staff, Associates and Volunteers effectively donate to their charity by choosing not to claim a reimbursement of expenses and/or purchases to which they would otherwise be entitled.

The Charity greatly appreciates the generosity of all who choose to act in this way.

However, not claiming reimbursement for legitimate expenses/purchases is not necessarily in the best interests of the charity:-

1. It causes the real costs of Charity’s activities (i.e., including those costs which supporters subsidise) to be under-recorded and,

therefore, under-reported (e.g., in the Charity's Annual Report & Financial Statements);

2. It can undermine effective budgeting if a volunteer who has hitherto not claimed their expenses is unable to continue to do so or is replaced by someone else who is unwilling to do so;
3. It hides the generosity of the Charity's supporters, particularly their financial generosity, which goes unrecorded and, therefore, unreported;
4. It means that their effective donation to the charity by not claiming reimbursement of their expenses/purchases is not eligible for Gift Aid in the way that it would have been if they had claimed the reimbursement and then donated that money back to the charity;
5. Underreporting the charity's costs and the generosity of its supporters can hinder the creation of effective appeals and applications for additional funds for the Charity.

**Accordingly, the Charity encourages all those who can legitimately claim reimbursement of their expenses to do so.**

This includes those supporters who are minded to waive or not claim their reimbursement as a personal gift to the Charity. Instead, they should claim the reimbursement to which they are entitled and then back-donate it to the Charity, thereby making it eligible for Gift Aid.

The procedures for doing that are detailed later under the heading **"Waiving" Reimbursed Expenses/Purchases as a Gift-Aided Donation.**

### 3.Procedures: Reimbursement of Expenses & Purchases

- a. Submitting Claims for Reimbursement of Expenses & Purchases
- b. Claims for the reimbursement of expenses must be submitted on the Charity's approved claims form.
- c. Claims for reimbursement of expenses must be accompanied by documentary evidence of the expense (e.g., point-of-sale receipt, travel ticket, etc.).
  - i. Where such evidence is not available, the claimant must provide a written explanation to the Treasurer for approval.
  - ii. The Charity reserves the right to decline to reimburse expenses for which reasonable documentary evidence has not been provided;
- d. Employees' and volunteers' completed expense claim forms must be authorised by their respective line managers/ budget holders.
- e. The Budget Holder must authorise the trustees' expenses.
- f. All expense claims must be submitted within 30 days of the relevant activity.

- g. Expenses may only be claimed more than 30 days after the date of the transaction, provided prior approval has been obtained from the Treasurer.
- h. Expenses claim forms may also include claims for the reimbursement of goods or services purchased by the claimant on behalf of the Charity.
- i. Claims for reimbursement of purchases must be accompanied by documentary evidence of each purchase (e.g., point-of-sale receipt, travel ticket, etc.).
- j. Travel Expenses
  - i. Public transport should be used wherever possible.
  - ii. When it is not practical to use public transport, or when more than one employee or volunteer is travelling the same journey, travel by private vehicle (such as a car, motorcycle, etc.) is allowed. A mileage allowance (at the rates available from the Charity office) will be paid.
    - 1. You may only use your private car in connection with Charity business if, at the time of each journey, it has a valid: (a) certificate of insurance for the kind of journey involved; (b) road tax (if required); (c) MOT certificate (if more than 3 years old).
    - 2. Mileage should be claimed from your usual place of work unless you are travelling from home and the distance is less than that from your usual place of work, in which case you should claim from home.
    - 3. Parking costs incurred when on charity business away from the usual place of work will be reimbursed.
  - iii. Taxis (preferably pre-booked mini-cabs rather than "on demand" hire) may be used where either no public transport is available or the journey time by public transport is unreasonably long (particularly where the journey involves multiple changes).
- k. Subsistence
  - i. Subsistence costs (e.g., for refreshments, meals, and hotel accommodation) can only be claimed when an employee or volunteer is on authorised Charity business away from their usual place of work for more than 4 consecutive hours.
- l. Telephone Calls
  - i. The Charity will reimburse employees and volunteers for the actual costs of calls made from their telephones while carrying out work for the charity, as charity-provided telephone services were not available.
  - ii. This includes calls made on a home or mobile telephone or in a public call box.
  - iii. No 'reimbursement' will be made for the notional cost of calls which incurred no actual cost to the claimant because they were covered by a contract which included an allocation of 'free' calls;
- m. Other Types of Expenses
  - i. The above examples of expense claims are illustrative, not definitive.

- ii. Expenses not detailed above will only be paid if authorised (in advance whenever possible) by the Budget Holder or, if not available, a person appointed by the Trustees to act on their behalf.
- n. Reimbursement of Expenses & Purchases
  - i. All claims submitted for the reimbursement of expenses incurred on Charity activities and/or purchases made on behalf of the Charity will be vetted for compliance with charity law, taxation law and these policies and procedures before being authorised for reimbursement.
  - ii. Claims which are not in the prescribed form, incomplete (e.g. missing required supporting documents), inaccurate or otherwise not compliant with relevant legislation will be returned for correction or rejected.
  - iii. Valid claims will be authorised for reimbursement as soon as is reasonably practical after receipt. Payment will usually be made by BACS transfer directly to the claimant's bank account.
- o. "Waiving" Reimbursed Expenses/Purchases as a Gift-Aided Donation
  - i. HM Revenue & Customs Guidelines – i.e., Rules – on Gift Aid Donations
  - ii. HM Revenue & Customs guidelines on what constitutes a Gift Aid donation are precise. The relevant information is contained in section 3.41 of HM Revenue & Customs guidance Chapter 3 Gift Aid:   
**<https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid>**
  - iii. The key clauses are:
    - 1. 3.41.2 One of the requirements of the Gift Aid Scheme is that the gift by a donor to a charity 'takes the form of a payment of a sum of money'. So, a Gift Aid payment to a charity cannot be made by book entries following a waiver of expenses.
    - 2. 3.41.3 The charity must physically pay the expenses to the volunteer. The volunteer is then free to keep the money or pay part or all of it back to the charity as a Gift Aid payment. If they give all of the expenses back to the charity, they're not returning the expenses but making a payment of an equivalent amount.
  - iv. The BHCA recommends that you review the entire section 3.41, which is not lengthy.
  - v. What this means is there cannot be any form of quid-pro-quo exchange or "deal" between the Charity and the claimant/donor along the lines of "don't reimburse my expenses claim, keep the money as a donation". The Charity first has to make an actual repayment of the expenses claim in a way that is verifiable by HMRC (usually by BACS transfer or by cheque to the claimant's own account), and then the claimant must separately make a similar, reciprocal, verifiable donation to the Charity. The donation must be made by cheque or BACS/online payment (and also by debit or credit card if the charity accepts such card payments).
  - vi. This makes life particularly difficult for supporters who frequently incur small expenses, which they are happy to "donate" to their charity and

would be even happier to be able to add the extra “bonus” of Gift Aid to their generosity. However, not surprisingly, the rigmarole of having to claim an actual monetary reimbursement of their expenses and then make a separate actual monetary donation to their charity on a claim-by-claim basis simply makes the process hideously inefficient and impractical for most small claims.

# Change Log

| Version        | Date        | Notes                                                                                                                                                                                      |
|----------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 0.1 (Draft)    | 23-Sep-2023 | Initial draft for Trustee review (October 2023)                                                                                                                                            |
| 1.0 (Approved) | 10-Oct-2023 | Approved by Trustees                                                                                                                                                                       |
| 1.1 (Draft)    | 21-Jan-2024 | Changes to the form based on feedback from users to clarify who completes what, the affected budget, and the location of receipts (just a folder name)                                     |
| 2.0 (Approved) | 16-Feb-2024 | Approved by Trustees                                                                                                                                                                       |
| 2.1 (Draft)    | 06-Jul-2025 | Updated, removing requirements for signatories, significant reformatting, removing “deferred payments”, and renamed document so that it’s easier to find (i.e. it starts with “Expenses”). |
| 2.2 (Draft)    | 13-Oct-2025 | Annual review                                                                                                                                                                              |



# Reimbursement Claim

|                                    |                         |  |
|------------------------------------|-------------------------|--|
| <b>Summary:</b>                    |                         |  |
| <b>Reference</b>                   | <b>Item Description</b> |  |
|                                    |                         |  |
|                                    |                         |  |
|                                    |                         |  |
| <b>Total Reimbursement Claimed</b> |                         |  |

I claim reimbursement of the above out-of-pocket expenses and/or purchases which were necessarily, reasonably and incidentally incurred by me in promoting the purposes of the Charity.

Please make the reimbursement by cash (*only available by prior agreement*) or BACS (*online*)

For reimbursement by BACS, my bank sort code is:

|  |   |  |   |  |
|--|---|--|---|--|
|  | - |  | - |  |
|--|---|--|---|--|

And my 8-digit account number is:

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

|                                      |  |
|--------------------------------------|--|
| <b>Name (Print):</b>                 |  |
| <b>Signed:</b>                       |  |
| <b>Date:</b>                         |  |
|                                      |  |
| <b>Budget:</b>                       |  |
| <b>Receipt Location (Folder Id):</b> |  |

## Notes on Completing the Form

- Please provide original point-of-sale vouchers for all expenditures, wherever possible.
- Photographs/ Digital copies of receipts are preferred. If providing physical copies, please write the reference number (above) on the front of the receipt.
- Please remember to SIGN & date the form above if providing a printed copy. If providing a digital copy, please enter your details above and email them to [treasurer@barhill-ca.org](mailto:treasurer@barhill-ca.org) from a *personal* email account.
- The date should be the date when you make the claim, not the date when the expenses were incurred.
- Please ensure you have identified the budget for your expense and have the approval of the budget holder.